



AMERIFLEX®

# FSA ENROLLMENT KIT

Your **KEY** to Savings

[www.flex125.com](http://www.flex125.com)

## A Plan That Enhances Your Benefits

If you're one of the many people who spend money on medical expenses, day care for dependents, or parking and transit, a Flexible Spending Account (FSA)—Medical, Dependent Day Care, or Commuter—can make these expenses more affordable. One or all of these valuable benefits are available to you through your employer's flexible benefits plan.



**POWERGROUP**

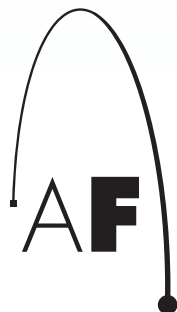
AmeriFlex is proud to partner with Power Group to deliver our industry-leading suite of flexible benefit and compliance solutions.



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The information in this kit is presented for informational purposes only and is not intended as legal, tax, accounting, or other professional advice. Individuals concerned about their own individual tax situation are encouraged to consult with a professional advisor. Furthermore, the information in this kit is also subject to change at any time as laws and regulations change.

- How the AmeriFlex Plan Works
- Eligible Expenses
- Funding Your Account
- Claims Process
- The AmeriFlex Convenience Card®
- FSA Election Changes
- Tax Implications
- Enrollment Form





## How the AmeriFlex Plan Works

If you participate in the AmeriFlex FSA plan, you will elect to have a specified amount of “pre-tax” money deducted from your paycheck each pay period. These funds are subtracted from your gross earnings before taxes and put into an FSA that you can then use to pay for eligible out-of-pocket expenses.

—Increase your take-home pay with an FSA plan!

The following table illustrates how you save by participating in a Flexible Spending Account:

Without This Plan		With This Plan	
Gross pay (annual)	<b>\$30,000.00</b>	Gross pay (annual)	<b>\$30,000.00</b>
Tax Withholding (est. @25%)	<b>\$ 7,500.00</b>	• Eligible expense	<b>\$ 1,000.00</b>
Take-home pay	<b>\$22,500.00</b>	Taxable income	<b>\$29,000.00</b>
• Eligible expense	<b>\$ 1,000.00</b>	Tax Withholding (est. @25%)	<b>\$ 7,250.00</b>
New take-home pay	<b>\$21,500.00</b>	New take-home pay	<b>\$21,750.00</b>
		• Result (increased take-home pay)	<b>\$ 250.00</b>

The information in this table is for descriptive purposes only and is not intended to reflect your own personal tax situation.



## Eligible Expenses

### Medical FSA Eligible Expenses

A medical FSA (also referred to as a “Health FSA”) is used to pay for healthcare expenses that are not covered under your medical or other insurance plan. The IRS determines what expenses are eligible for reimbursement under a medical FSA. IRS-qualified expenses may include:

- Co-pays, deductibles, and other payments that you are responsible for under your health plan
- Expenses that may not be covered under your health plan, such as:
  - Routine exams
  - Dental care
  - Prescription drugs
  - Orthodontia (check with your employer to determine if orthodontia is allowed under your plan and what reimbursement method is used)
  - Eye care (including Lasik, glasses, and contact lenses)
  - Hearing aids
  - Well-baby care
- Miscellaneous expenses such as:
  - Certain over-the-counter healthcare expenses\* (Band-Aids, First Aid supplies)
  - Transportation, tolls and parking to receive medical care
  - Individual psychiatric or psychological counseling
  - Diabetic equipment and supplies
  - Durable medical equipment
  - Qualified medical products or services prescribed by a doctor

Some examples of ineligible expenses include insurance premiums, teeth whitening, prescription drugs for male-pattern baldness, and most cosmetic procedures. A more comprehensive database of eligible and ineligible expenses can be found by logging in to your personal account on the AmeriFlex Web site ([www.flex125.com](http://www.flex125.com)). Please contact AmeriFlex Member Services at 888.868.FLEX (3539) for more information on how to set up online account access.

**\*Note:** Effective January 1, 2011, health care reform law mandates that expenses incurred for over-the-counter medicines and drugs (with the exception of insulin) will not be eligible for reimbursement under a health FSA or HRA unless you have a valid prescription.

### **Dependent Day Care Spending Account Eligible Expenses**

With a Dependent Day Care Account, you can set aside pre-tax payroll deductions to reimburse the expenses associated with day care for your qualified dependents. Eligible expenses must meet the following requirements:

- The care of the dependent must enable you and your spouse to be employed
- The amount to be reimbursed must not be greater than your spouse's income or your income, whichever is less
- The child must be under the age of 13 and must be your dependent under federal tax rules
- The services may be provided in your home or another location, but not by someone who is your minor child or dependent for income tax purposes (e.g. an older sibling) —the caregiver's SSN will be required
- If the services are provided by a daycare facility that cares for six or more children simultaneously, the facility must comply with state and local day care regulations
- Services must be for the physical care of the child, not for education, meals, etc.

Qualified dependent care expenses also include costs for the care of a spouse or other adult dependent who lives in your home and is incapable of self-care, has gross income below the exemption amount in IRS Code 151, is dependent on you for more than half their support, and is not anyone else's qualifying child (e.g. an invalid parent). The same rules that apply for childcare apply to the care of other dependents, except the dependent need not be under age 13.

### **Commuter Reimbursement Account Eligible Expenses**

Commuter Reimbursement Accounts allow you to set aside pre-tax income to pay for qualified parking, transit, and commuter highway vehicle expenses related to your transportation to and from work.

- Parking expenses are expenses incurred to park your vehicle on or near the business premises of the employer or expenses incurred to park your car at a location from which you commute to work by (a) mass transit facilities, (b) a commuter highway vehicle, or (c) car-pool.

- Transit expenses are those incurred for a pass, token, fare card, voucher, or similar item (a pass) for transportation (a) on mass transit facilities, whether or not publicly owned, or (b) provided by a person in the business of transporting persons for compensation or hire if such transportation is provided in a vehicle with a seating capacity of at least six adults (excluding the driver).
- Commuter highway vehicle (van-pool) expenses are those incurred for transportation in a commuter highway vehicle when traveling between your residence and place of employment. A commuter highway vehicle is any highway vehicle with a seating capacity of at least six adults (not including the driver), and for which at least 80% of the mileage is for purposes of transporting employees between their residence and their places of employment, and where the number of employees is, on average, at least half of the adult seating capacity of the vehicle (not including the driver).



## Funding Your Account

The maximum amount you can contribute to your FSA depends on the type of account that you select. Your employer determines the maximum annual allowable contribution for your Medical Flexible Spending Account while the government sets the maximum amount for your Dependent Day Care Spending Account and Commuter Reimbursement Account.

### Determining Account Contributions

- **Medical:** Your employer determines the maximum allowable contribution for your Medical Flexible Spending Account. Within that maximum, you determine your contribution for yourself and your eligible dependents based on expenses you expect to incur in the upcoming plan year. Your annual contribution is then divided by your number of pay periods, and that amount will be deducted pre-tax each pay period.

**Please note:** Effective January 1, 2013, health care reform law imposes a \$2,500 annual limit on medical FSA contributions. The \$2,500 amount is indexed for inflation for tax years beginning after December 31, 2013.

- **Dependent Day Care and Commuter:** The IRS establishes the contribution limits for Dependent Day Care Accounts and Commuter Reimbursement Accounts. These amounts may change annually, so ask your employer or visit the FSA section of the AmeriFlex Web site ([www.flex125.com](http://www.flex125.com)) for current limits.

### The “Use It or Lose It” Rule

If you contribute dollars to a reimbursement account and do not use all the money you deposit, you will lose any remaining balance in the account at the end of the eligible claims period. This rule, established by the IRS as a component of tax-advantaged plans, is referred to as the “use it or lose it” rule.

To avoid losing any of the funds you contribute to your FSA, it’s important to plan ahead as much as possible to estimate what your expenditures will be in a given plan year. AmeriFlex has created an FSA worksheet to help you determine how much you might need to contribute to your FSA. Visit the FSA section of the AmeriFlex Web site ([www.flex125.com](http://www.flex125.com)) to access the worksheet.



Simple, Smart, and Convenient



## Paying for Eligible Expenses

### The AmeriFlex Convenience Card®

The easiest way to pay for eligible expenses is to use your AmeriFlex Convenience Card, which provides you with access to all your FSA accounts (Medical, Dependent Day Care, or Commuter) with a single card. The AmeriFlex Convenience Card works just like a regular debit card, but with three important differences:

- Its use is limited to specific merchants\* and to expenses deemed eligible by your plan.
- You cannot use your AmeriFlex Convenience Card at an ATM or to obtain “cash back” when making a purchase.
- You have the option to set up a Personal Identification Number (PIN) to be used with your AmeriFlex Convenience Card, but you can also pay for eligible expenses via signature transaction (no PIN required). If you opt not to set up a PIN for your card, and a merchant or provider asks you for one, simply explain that your card doesn’t have one, select “CREDIT” at the payment terminal, and sign for your transaction.

*\*Use of the AmeriFlex Convenience Card is limited to day care providers; medical care providers such as hospitals, doctors’ offices, optometrists, dentists, orthodontists, pharmacies, or other merchants providing prescription and over-the-counter eligible products; and CRA merchants such as parking*

garages or metro-card machines. Your card cannot be used at non-qualified businesses such as gas stations, retailers, convenience stores, etc.

### **Filing a Manual Claim**

If you do not use your AmeriFlex Convenience Card to pay for an eligible expense, you can also pay for the expense out-of-pocket and then get reimbursed from your FSA by filing a manual claim. To file a manual claim, simply complete the AmeriFlex Claim Form (available on the Forms section of the AmeriFlex Web site, [www.flex125.com](http://www.flex125.com)) and send it to AmeriFlex along with substantiation of the claim. Acceptable forms of substantiation include itemized receipts and the Explanation of Benefits (EOB) from your insurance carrier.

#### **Claims can be submitted via mail, fax, or e-mail to:**

AmeriFlex (Attn: Claims Department)

P.O. Box 269009

Plano, TX 75026

Fax: 888.631.1038 (Attn: Claims Department)

E-mail: [claims@flex125.com](mailto:claims@flex125.com)

As an added convenience, you can also submit your claim and supporting documentation online through the AmeriFlex Convenience Portal! Visit [www.flex125.com](http://www.flex125.com) or contact AmeriFlex Member Services for more information about this option.

Information required on all claim requests includes: the date of service, the product or service description, prescription drug names and numbers, the total dollar amount being requested, the service provider's name, and, for dependent day care requests, the provider's signature and tax ID or Social Security number.

When you submit a claim by fax or mail, you can opt to have your reimbursement mailed to you as a check or direct-deposited into your bank account.

### **Your Card Account Balance and Transaction Receipts**

- What if there's not enough money in my account?

If you charge more than the available balance in your account, the transaction will be denied. You can obtain your current account balance by logging in to your account from the AmeriFlex Web site ([www.flex125.com](http://www.flex125.com)) or by calling the AmeriFlex Interactive Voice Response System (available 24/7) at 888.868.FLEX (3539). Be sure to keep track of your account balance to avoid denied charges.

- Do I need my receipts?

Possibly, so please be sure to save all your receipts as proof that FSA funds were used to pay for eligible expenses! For certain expenses, AmeriFlex may need additional information, including receipts, to verify eligibility of the expense and to comply with IRS rules. That's why it's important to save your receipts and fax or mail them promptly if requested. Failure to comply could jeopardize the tax-exempt status of your account and cause the card to be deactivated.



## FSA Election Changes

### What if I want to make a change to my FSA Election?

In general, you cannot change your FSA election in the middle of a plan year. However, the IRS allows participants to make changes to their election if they experience what is referred to as a “qualifying event” that causes them to have a change in personal status. Qualifying events include:

- Change in provider (Dependent Day Care only)
- Change in cost of day care (Dependent Day Care only)
- Change in legal marital status
- Change in number of dependents
- Change in employment status
- Change in work schedule (increase or decrease in hours)
- Dependent satisfies (or ceases to satisfy) requirements for eligibility

The election change must be consistent with the qualifying event. A change is considered consistent with the qualifying event for Medical FSAs if the following occurs:

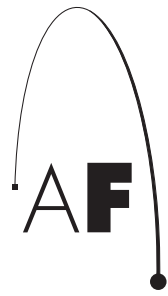
- The employee, spouse, or dependent is gaining or losing eligibility for health coverage.
- The election change corresponds with that gain or loss of coverage.

For Commuter Reimbursement Accounts, elections can be made for a period as short as one month. Check with your human resources department to see how often you can change your CRA election.

### Employee Termination/Claims Procedure

AmeriFlex will deactivate the terminated employee’s AmeriFlex Convenience Card on the date they are notified of the termination. Any eligible expenses incurred, and not yet submitted for reimbursement prior to or on the date of termination, must be filed using a manual claim form and must be received by AmeriFlex within the run-out period described in the Summary Plan Description.





**FLEXIBLE SPENDING ACCOUNT ENROLLMENT FORM**

**Company Name:** \_\_\_\_\_

**Employee Name:** \_\_\_\_\_ Telephone: \_\_\_\_\_

Employee Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ E-mail: \_\_\_\_\_

Employee Social Security Number: \_\_\_\_\_ Plan Year: \_\_\_\_\_ through \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Date of Hire: \_\_\_\_\_ Effective Date: \_\_\_\_\_

The Company and I hereby agree that my cash compensation will be redirected by the amounts set forth below for each pay period during the plan year (or during such portion of the year as remains after the date of this agreement). I understand that if I do not return this form to my employer by my effective date, it shall constitute my election to waive participation in all flexible spending programs under my employer's Flexible Benefits Plan and therefore cause me to pay non-reimbursable medical, dependent care, and/or commuter expenses (if any) with after-tax dollars.

**EMPLOYEE'S FLEXIBLE BENEFIT PER PAY DEDUCTION/ALLOCATION**

**Medical Flexible Spending Account** Per pay contribution \$ \_\_\_\_\_ Date of first payroll \_\_\_\_\_  
\$ \_\_\_\_\_ Maximum ANNUAL contribution Annual contribution \$ \_\_\_\_\_ Number of remaining pays \_\_\_\_\_

**Dependent Care Spending Account** Per pay contribution \$ \_\_\_\_\_ Date of first payroll \_\_\_\_\_  
\$ \_\_\_\_\_ Maximum ANNUAL contribution Annual contribution \$ \_\_\_\_\_ Number of remaining pays \_\_\_\_\_

**Commuter Reimbursement Account**  
**P A R K I N G** Per pay contribution \$ \_\_\_\_\_ Date of first payroll \_\_\_\_\_  
\$ \_\_\_\_\_ Maximum MONTHLY contribution Annual contribution \$ \_\_\_\_\_ Number of remaining pays \_\_\_\_\_

**T R A N S I T** Per pay contribution \$ \_\_\_\_\_ Date of first payroll \_\_\_\_\_  
\$ \_\_\_\_\_ Maximum MONTHLY contribution Annual contribution \$ \_\_\_\_\_ Number of remaining pays \_\_\_\_\_

**I UNDERSTAND THAT:**

**(1)** My accounts will not automatically renew. During each annual open enrollment period, I understand that I must complete a new enrollment form indicating my account contributions for the new plan year.

**(2)** I cannot change or revoke this agreement at any time during the plan year unless I have a change in family status (including marriage, divorce, death of a spouse or child, birth or adoption of a child, termination or commencement of employment of a spouse, or such other events as the Plan Administrator determines will permit a change or revocation of an election).

**(3)** The Plan Administrator may reduce, cancel, or otherwise modify this agreement in the event he/she believes it is advisable in order to satisfy certain provisions of the Internal Revenue Code.

This agreement is subject to the terms of the Company's Flexible Benefits Plan, as amended from time to time, which shall be governed under applicable laws, and revokes any prior agreement relating to such plan(s).

By signing this form I agree to the terms and procedures listed herein.

I was given the opportunity to participate in this Flexible Benefits Plan, and I have decided not to participate at this time.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

**ADDITIONAL CARDS** (only applicable if your employer has chosen this option)

If you wish to have an AmeriFlex Convenience Card® issued for a spouse or dependent, please be sure your spouse or dependent meets the IRS eligibility guidelines below:

**(1)** For federal tax purposes, a spouse is defined as “. . . a person of the opposite sex who is a husband or wife.” Same sex domestic partners are not considered spouses for purposes of FSA administration. A person residing in the employee’s home, who the employee provides over half of their support, who is not the employee’s spouse under applicable state law, and who is not a family member, is considered a dependent under Internal Revenue Code 152(a) without regard to 152(b)(1), (b)(2), and (d)(1)(B).

**(2)** For purposes of Medical FSAs, dependent includes any relative of the participant for whom the participant provides over half of their support for the calendar year. A relative includes children, parents, stepchildren, siblings, aunts, uncles, cousins, and in-laws of the participant. Relatives do not need to reside with the participant in order to be dependents, nor do they need to be a certain age or infirmity; they need only to be persons for whom the participant has provided over half of their support.

Spouse Name: \_\_\_\_\_

Address to issue card: \_\_\_\_\_

Telephone: \_\_\_\_\_ Soc. Sec. Number: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

**All dependents must be over the age of 18 in order to receive the AmeriFlex Convenience Card®.**

Dependent Name: \_\_\_\_\_

Address to issue card: \_\_\_\_\_

(if different from participant)

Telephone: \_\_\_\_\_ Soc. Sec. Number: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Dependent Name: \_\_\_\_\_

Address to issue card: \_\_\_\_\_

(if different from participant)

Telephone: \_\_\_\_\_ Soc. Sec. Number: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Each AmeriFlex Convenience Card® is issued for a term of three years. Remember that existing cardholders will not receive a new card (unless the current card is scheduled to expire). Cards will simply be “reloaded” for the next plan year with your new election. Upon expiration, AmeriFlex will automatically issue new cards to participants who re-enroll in the new plan year. For new participants, your AmeriFlex Convenience Card® will be sent to your home address in a plain white envelope.

**AUTHORIZATION AGREEMENT FOR OPTION TO DEPOSIT MANUAL REIMBURSEMENTS**

I, hereby, authorize AmeriFlex, LLC, hereafter called ADMINISTRATOR, to initiate debits and/or credits to or from my bank account indicated below at the depository financial institution named below, hereinafter called DEPOSITORY, and to debit and credit the same to such account with the agreement that the only debits to be made will be for the sole purpose of correcting a prior FSA reimbursement error. I acknowledge the origination of ACH transactions to or from my account must comply with the provisions of U.S. law.

Depository Name: \_\_\_\_\_ Account Name: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

(always nine digits)

**SELECT ONE:**  Checking Account  Savings Account

If you would prefer, please attach a voided check.

**CHECK EXAMPLE**

⋮ 23456789 ⋮ 0000123456 ⋮ 234

ROUTING NUMBER

ACCOUNT NUMBER

CHECK NUMBER

The authorization is to remain in full force and effect until the ADMINISTRATOR has received written notification from the employee named above of the termination in such time and in such manner as to afford the ADMINISTRATOR and DEPOSITORY a reasonable opportunity to act on it.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Upon receipt, the Federal Reserve requires 14 business days to perform the initial approval of the ACH information. After this time, AmeriFlex will be directly depositing all claim reimbursements into the bank account provided two days after every processing date determined by your employer.

It may take up to 5 business days to have your reimbursements appear in your account, depending upon the automated clearing house utilized by your bank. We suggest that you contact your bank to confirm when these funds become available in your account. AmeriFlex shall not be responsible for any checks or other debt payments you make whereby you have assumed these funds are available.



## Tax Implications

### Will pre-taxing have an impact on Social Security benefits?

Reductions in your taxable pay may lead to a reduction in Social Security benefits; however, for most employees, the reduction in Social Security benefits is insignificant when compared to the value of paying lower taxes now.

### Dependent Day Care Tax Filing

On your tax return you must report the correct name, address, and taxpayer identification number (TIN) of your dependent care provider. If your dependent care provider is exempt from federal income taxation, you are not required to report the TIN; however, you must report the correct name and address of the exempt provider and write "tax-exempt" in the space provided for the TIN.

### Tax Credits vs. Dependent Care Spending Accounts

If you participate in a Dependent Care Spending Account, you cannot claim credits on your income tax return for the same expenses. Also, any amount reimbursed under this plan will reduce the amount of other dependent care expenses that you can claim for purposes of tax credits. Before you enroll in a Dependent Day Care Account, evaluate whether the federal income tax credit or the Dependent Care Spending Account is best for you. Refer to the following federal tax forms and publications for more information (available at <http://www.irs.gov/>):

- Form 2441 (Child and Dependent Care Expenses)
- Form 1040 Schedule EIC and IRS Publication 596 (Earned Income Credit)
- Form 8812 and IRS Publication 972 (Child Tax Credit)
- Frequently Asked Questions

[www.flex125.com](http://www.flex125.com)



## C O N T A C T

## I N F O R M A T I O N

- **24/7 INTERACTIVE VOICE RESPONSE (IVR):** 888.868.3539
- **MEMBER SERVICES TOLL-FREE PHONE:** 888.868.3539 (8:30 a.m. to 8:00 p.m. EST)
- **WEB:** [www.flex125.com](http://www.flex125.com)
- **MEMBER SERVICES SUPPORT CENTER:** [member.flex125.com](http://member.flex125.com)
- **FAX:** 800.282.9818
- **MAIL:** 3000 Internet Blvd., Suite 200, Frisco, Texas 75034

